

NAO 216-111

Eff: 6/5/07; Iss: 6/11/07

## NOAA PLANNING, PROGRAMMING, BUDGETING, AND EXECUTION SYSTEM

### SECTION 1. PURPOSE AND SCOPE.

.01 This Order establishes the National Oceanic and Atmospheric Administration (NOAA) policy for allocating resources as the Planning, Programming, Budgeting, and Execution System (PPBES). This policy identifies roles and responsibilities for conducting the PPBES and authorizes the issuance of related guidance for implementation.

.02 The goal of this policy is to execute NOAA's responsibilities:

- a. to continuously and systematically assess internal and external environments to anticipate future opportunities and challenges;
- b. to ensure NOAA satisfies statutory and regulatory duties assigned to it;
- c. to attempt to satisfy the highest priority needs of NOAA's customers; and
- d. to improve resource utilization.

.03 With this policy NOAA will:

- a. improve portfolio management during all phases of resource allocation through a cyclic system of interrelated NOAA-wide decision-making processes (collectively known as the PPBES);
- b. establish a planning process that allows NOAA to determine what should be done to accomplish strategic, long-term and annual priorities (this is accomplished in the Planning Phase of the PPBES and will provide clear direction for remaining phases);
- c. establish a programming process that allows NOAA to determine what can be done in the future to achieve the priorities established during strategic planning (this is accomplished in the Programming Phase of the PPBES and will provide the programmatic and fiscal basis for the NOAA budget);

- d. establish a budgeting process that allows NOAA to determine which resources will be requested in consideration of executive policies and direction, statutory and regulatory requirements, budget realities, and proper fiscal management of NOAA programs (this is accomplished in the Budgeting Phase of the PPBES and will provide the programmatic and financial details required to build and justify the NOAA budget);
- e. establish an execution process that allows NOAA to satisfy assigned statutory and regulatory duties and to deliver products and services while adhering to legal, administrative, and policy restrictions (this is accomplished in the Execution Phase of the PPBES and will guide NOAA personnel in allocating resources to approved programs in order to accomplish approved program priorities); and
- f. establish a process to ensure information from program performance and other reviews are incorporated in the PPBES decisions and the programs use the feedback provided to adjust to meet emerging conditions.

.04 This policy applies to all NOAA activities. Specific types of projects (e.g., facility and fleet construction, operation, and repair; major systems acquisition; and information technology project acquisition) are subject to additional policies and guidelines.

## SECTION 2. BACKGROUND.

Federal guidance mandates efficient and effective use of resources tied to an agency's mission, goals, outcomes, and objectives. Office of Management and Budget (OMB) Circular A-11 requires agencies to maintain a decision-making process that integrates analysis, planning, evaluation, and budgeting. The Department of Commerce (DOC) Budget and Program Analysis Handbook provides guidance for preparing budget submissions and in meeting other Departmental budget reporting requirements.

## SECTION 3. POLICY.

.01 NOAA's policy is to allocate resources among competing requirements through consistent and systematic, agency-wide reviews to ensure assigned statutory and regulatory duties are satisfied and optimal products and services are delivered to achieve mission goal outcomes and results. The allocation of resources will be accomplished through the PPBES, which is a requirements-based, integrated series of processes that: 1) uses NOAA's strategic vision and mission to drive annual investment and management priorities, programmatic and policy choices, and budget and organizational development; 2) provides a systematic approach to reviewing performance and progress, allocating resources optimally to satisfy NOAA's statutory and regulatory duties, and to maximize programmatic impact; and 3) identifies, analyzes, and resolves key policy, organizational, and managerial decisions that are critical to NOAA's success. NOAA's Line and Staff Offices (LO/SO) may expand upon this policy with guidance and instructions to meet individual functional and operational requirements. The following guidelines apply to the identification and validation of requirements, the allocation of resources among competing needs, and the monitoring, management, and reporting of how the requirements are met.

a. Planning. The first phase in the PPBES, Planning, identifies what should be done within the NOAA Program to achieve NOAA's strategic goals, objectives, and annual priorities. This phase helps to ensure that corporate agreement is reached on the goal-specific strategic priorities required to achieve NOAA's mission. The Planning Phase facilitates a strategic discussion and identifies and evaluates major policy, performance, managerial, or organizational changes to advance NOAA's strategic goals and objectives. The Planning Phase is highly collaborative, involving extensive input from and interaction among LOs/SOs, Goals, Programs, Councils, and stakeholders. This phase includes strategic and annual planning activities.

1. **Strategic Planning.** This step consists of the development of NOAA's long-term Strategic Plan. The NOAA Strategic Plan supports the DOC Strategic Plan and provides the organization's long-term corporate vision. Periodic reviews of the NOAA Strategic Plan are conducted to ensure consistency with DOC's Strategic Plan and incorporate changes in NOAA's external environment, stakeholder input, legislative and regulatory mandates, Administration policy priorities, accomplishments to date, and related factors.

2. **Annual Planning.** This step includes the review and adjustment of programmatic and organizational priorities by reviewing the long-term goals and objectives outlined in the NOAA Strategic Plan in the context of current trends. An annual assessment of how best to accomplish NOAA's corporate priorities is conducted.

b. Programming. The second phase in the PPBES, Programming, entails detailed analyses of the Planning Phase products and the development of a fiscally-balanced NOAA Program. The NOAA Program optimizes NOAA's ability to meet its corporate priorities within fiscal guidelines approved by the Under Secretary of Commerce for Oceans and Atmosphere (Under Secretary). The Programming Phase allows leaders to look across the organization and apply effort and resources in areas where NOAA can satisfy the greatest need and make the greatest impact. Programming provides the programmatic and fiscal basis for the NOAA budget and is conducted in two steps.

1. **Program Review.** This step compares current capabilities and capacities with those needed to fully achieve NOAA requirements. This analysis underpins the program development.

2. **Program Development.** The second programming step consists of the development and approval of the NOAA Program. The NOAA Program is an integrated, fiscally-balanced, 5-year plan. This plan shapes future NOAA capabilities and capacities to achieve NOAA's strategic goals.

c. Budgeting. The third phase in the PPBES, Budgeting, builds on the NOAA Program to include the detailed resource requests that will be included in NOAA's annual budget submission and develops justification documents to support NOAA's segment of the President's request. Budgeting provides a defensible financial plan and is conducted in two steps.

1. **Formulation.** This step determines the resource requests that will be included in NOAA's budget request. A detailed review of LO/SO budget plans is conducted to ensure ability to

execute and consistency with the NOAA Strategic Plan and NOAA Program. Budget formulation results in NOAA leadership resource allocation decisions and approval of the NOAA Budget Request Submission to DOC.

2. Justification. The second budgeting step supports the President in meeting the legal requirement to submit a budget to Congress annually. Congress considers agency requests and uses the information included in the budget justification material to determine resource allocation among competing priorities. This PPBES phase provides required and necessary information to all oversight bodies (DOC, OMB, and Congress) that review the NOAA budget request.

d. Execution. The fourth and final phase in the PPBES, Execution, is critical to ensuring that NOAA satisfies assigned statutory and regulatory duties, and delivers the products and services that have been planned, programmed, budgeted, and approved through the justification process. This phase includes program performance and fiscal management.

1. Program Performance. This step consists of the responsible LO/SO and program managers ensuring that programs are being carried out as authorized and appropriated. Program performance is reviewed using metrics (Corporate Performance Measures and planned-versus-actual financial execution) to assess program activities relative to established targets. Execution data are essential for the NOAA Strategic Plan and annual planning as well as the NOAA Program. The performance review evaluates the effectiveness of the current program, identifies requirements for new programs or efforts, and examines program management and administration.

2. Fiscal Management. This step consists of application of appropriate controls to make fiscal resources available to NOAA executing officials and of annual financial program closeout activities, which ensure the annual audit and financial reporting take place according to federal and DOC requirements.

.02 To maintain the integrity and confidentiality of the governmental deliberative process and to assist in maintaining the effectiveness of competition in the contract award process, many of the PPBES documents and much of the information in support databases may not be disclosed outside DOC and other Federal Agencies (e.g., OMB) directly involved in the NOAA resource allocation process. The PPBES documents that are internal and used in the deliberative process are, therefore, marked as not releasable under the Freedom of Information Act (Exemption 5 – Deliberative Process Privilege).

#### SECTION 4. SUPPLEMENTAL GUIDANCE.

.01 The NOAA Business Operations Manual provides detailed descriptions of the processes that support this Order. Those processes apply to all NOAA.

.02 Guidance on the PPBES deliverables, dates, and deadlines is issued annually by the organizations with primary responsibility for each phase of the PPBES.

## SECTION 5. RESPONSIBILITIES.

.01 The Under Secretary determines when periodic review of the NOAA Strategic Plan will occur and provides final approval of the NOAA Strategic Plan, annual planning and fiscal guidance, the NOAA Program, and the NOAA Budget Submission.

.02 The Deputy Under Secretary for Oceans and Atmosphere (Deputy Under Secretary) manages Execution Phase reporting and evaluation, and provides final approval of the annual execution plans and program adjustments throughout the fiscal year.

.03 The NOAA Executive Council (NEC) provides information and counsel to the Under Secretary throughout the PPBES. The NEC approves the selection of Goal Team Leads.

.04 The NOAA Executive Panel (NEP) provides information and counsel to the Deputy Under Secretary and the NEC throughout the PPBES. The NEP recommends Goal Team Leads to the NEC.

.05 The NOAA Councils provide advice and counsel through all phases of the PPBES.

.06 The Assistant Administrator for Program Planning and Integration (PPI) shall:

- a. manage the Planning Phase of the PPBES;
- b. maintain the Business Operations Manual;
- c. issue the Strategic Plan and annual planning guidance;
- d. approve the selection of matrix program managers and coordinate the selections of Goal Team Leads and non-matrix program managers to conduct the PPBES activities;
- e. prepare and communicate the results of the Planning Phase;
- f. co-lead, with the NOAA Chief Financial Officer (CFO), the management of NOAA's Corporate Performance Measures; and
- g. co-supervise, with the designated LO/SO, the matrix program managers.

.07 The Director, Office of Program Analysis and Evaluation (PA&E), shall:

- a. manage the Programming Phase of the PPBES;
- b. lead development of the NOAA Program and record the decisions made;

- c. prepare and communicate the results of the Programming Phase;
- d. submit the approved NOAA Program to the NOAA CFO; and
- e. provide independent analysis throughout the PPBES.

.08 The NOAA Chief Financial Officer (CFO) shall:

- a. manage the Budgeting Phase of the PPBES;
- b. support the development of the NOAA Program and the financial and program close-out elements of the Execution Phase;
- c. manage budget and annual performance plan development and submission to DOC and subsequent defense, reviews, and reports;
- d. manage, in coordination with the NOAA Office of Legislative Affairs, interaction with the Legislative Branch during the Congressional Budget Review;
- e. prepare and communicate the results of the Budgeting Phase; and
- f. co-lead, with PPI, the management of the NOAA Corporate Performance Measures.

.09 Assistant Administrators of NOAA Line Offices (LO) and Directors of NOAA Staff Offices (SO) shall:

- a. support the requirements of this policy and apply the PPBES within functional and organizational areas of responsibilities;
- b. provide leadership in the delivery of products and services and fulfillment of mission responsibilities;
- c. provide support to program managers, goal teams, and councils in fulfilling their responsibilities;
- d. supervise the program managers and co-supervise the matrix program managers;
- e. nominate and approve the selection of program managers and nominate Goal Team Leads and matrix program managers to conduct the PPBES activities;
- f. oversee execution of funds and ensure programs are properly managed; and
- g. report the status of program execution.

.10 Goal Team Leads shall:

- a. support the requirements of this policy and apply the PPBES within assigned organizational responsibilities;
- b. serve as principal coordinators to ensure a consistent NOAA message to external partners and stakeholders (i.e., local, state, regional, national, and international) for the assigned goal; and
- c. coordinate assigned programs and recommend changes throughout the PPBES.

.11 Program managers, including matrix managers, shall:

- a. support the requirements of this policy and apply the PPBES within assigned organizational responsibilities; and
- b. evaluate and report program performance.

## SECTION 6. DEFINITIONS.

.01 Corporate Performance Measures (CPM) – performance measures at the Under Secretary and senior management level that help ensure the organization is moving towards achieving strategic planning goals, outcomes, and organizational priorities. Corporate Performance Measures include Government Performance and Results Act (GPRA) measures.

.02 Council – a formally established advisory body that reports to the NOAA Executive Council (NEC) or NOAA Executive Panel (NEP).

.03 Goal – an elaboration of the agency mission statement, developing greater specificity about how an agency will focus its mission. Goals may be further divided in to Sub-Goals. Each NOAA Goal or Sub-Goal is led by an appointed Goal Team Lead or Sub-Goal Lead.

.04 Matrix Program – a program in the NOAA program structure where the mission is supported by resources from multiple Line Offices, or when the NEC designates them as matrix.

.05 NOAA Program – an integrated, fiscally balanced, 5-year plan. This plan is based on the Goal and Sub-Goal level plans and shapes future NOAA capabilities and capacities to achieve NOAA's strategic goals.

.06 Portfolio Management – the processes, practices, and specific activities to perform continuous and consistent evaluation, prioritization, budgeting, and finally selection of investments that provide the greatest value and contribution to the strategic interest of the organization. Through portfolio management, NOAA can explicitly assess the tradeoffs among competing investment opportunities in terms of their benefits, costs, and risks.

.07 Program – a focused set of activities designed to achieve a specific goal outcome(s) of the NOAA Strategic Plan. Each program is led by an appointed program manager.

## SECTION 7. REFERENCES.

- .01 President's Management Agenda.
- .02 Program Assessment Rating Tool.
- .03 Office of Management and Budget (OMB) Circular A-11.
- .04 Government Performance and Results Act (GPRA) of 1993.
- .05 Department Administrative Order (DAO) 208-3, Major Systems Acquisitions for the Department of Commerce.
- .06 DAO 201-45, Departmental Oversight of Major Systems.
- .07 DOC Budget and Program Analysis Handbook.
- .08 NOAA Administrative Order (NAO) 216-108, Requirements Management.
- .09 NAO 217-104, Facility Capital Planning and Project Management Policy.
- .10 NOAA Strategic Plan.
- .11 NOAA Business Operations Manual.
- .12 NOAA Manual for Preparation of Unique Adjustments-To-Base.

## SECTION 8. EFFECT ON OTHER ISSUANCES.

None.

                    /Signed/                      
Under Secretary of Commerce for  
Oceans and Atmosphere

Offices of Primary Interest:  
Program Planning and Integration  
Program Analysis & Evaluation  
Office of the Chief Financial Officer